THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) A news item had appeared in The Statesman on 10th Nov., 2005 regarding bribe for getting loan from banks, quoting a study by National Council of Applied Economic Research (NCAER). NCAER) has reported that the Rural Financial Access Survey (RFAS) was undertaken by the World Bank and NCAER in 2003 in two large states of Andhra Pradesh (AP) and Uttar Pradesh (UP) for an estimate of the pattern of access of different sources of credit by the Rural households of the two states. The RFAS used a three-stage stratified sampling design to approach 12000 households in each state from which 3000 households were to be selected for detailed canvassing of a household questionnaire. After eliminating for different possible errors in the questionnaires, the actual sample consists of 2971 households in AP and 2606 households in UP. The report indicates that bribes paid by some applicants add to their total borrowing cost.

RBI and Government have taken several measures to prevent irregularities in the Banking Industry. Banks have been advised from time to time to strengthen the vigilance set up and introduce preventive and prohibitive measures. The functioning of vigilance system is reviewed during the course of on-site inspections. Various measures such as periodical rotation of staff whichin the branch and from one branch to another; prompt disciplinary action, awarding exemplary and deterrent punishment to the delinquent employees and intensive screening of the candidates at the time of recruitment are being taken. Further, as and when such irregularities come to the notice, severe action is taken against the delinquent employee(s) under relevant conduct regulations and suitable penalty is imposed.

Exemption of Service tax to Punjab Ex-Servicemen Corporation

3993. SHRIMATI SUKHBUNS KAUR:
SHRI DHARAM PAL SABHARWAL:
DR. VIJAY MALLYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Punjab has taken up the demand of Punjab Ex-servicemen Corporation for exemption from Service Tax for the security services rendered by them for security related job;

(b) whether Government Departments/PSUs outsource their security manpower through tenders sytems, in which PESCO it find difficult to compete, owing to higher rates quoted by them due to applicability of Service Tax, whereas the small security operators having turn-over of upto Rs. 4 lakhs are exempted from such tax; and

(c) whether the benefit of exemption from Service Tax is alrady being given to Central Police Paramilitary Force like CRPF and CISF and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Service tax was introduced in 1994 so as to broaden the tax base, to bring about neutrality in consumption choices and on grounds of equity. Service tax is intended to be passed on to consumers of taxable services.

(b) Uniform rate is neutral in its impact on production and consumption decisions and obviates disputes of classification of services.

(c) There is no proposal at present under the consideration of the Central Government to prescribe a lower rate of service tax for any specified services.

Refinancing Central Co-operative Banks by NABARD

3994. DR. M.S. GILL:
SHRI DHARAM PAL SABHARWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that of the estimated aggregate realistic loaning programme for all eligible Central Co-operative Banks against PACS for short term refinance for seasonal agricultural operations, NABARD restricts the refinance to only 30 per cent;

(b) if so, whether there is any proposal from the Government of Punjab to raise the quantum of refinance by NABARD to meet the requirements of the Central Co-operative Banks for achieving the goal of doubling the flow of credit in the next three years; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) NABARD'S refinance support is